

COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

D.T.E. 06-9

FIRST SET OF INFORMATION REQUESTS TO
KEYSPAN ENERGY DELIVERY NEW ENGLAND

Pursuant to 220 C.M.R. § 1.06(6)(c), the Department of Telecommunications and Energy (“Department”) submits to KeySpan Energy Delivery New England (“KeySpan” or “Company”) the following Information Requests.

Instructions

The following instructions apply to this set of Information Requests and all subsequent Information Requests issued by the Department to the Company in this proceeding.

1. Each request should be answered in writing on a separate, three-hole punch page with a recitation of the request, a reference to the request number, the docket number of the case and the name of the person responsible for the answer.
2. Do not wait for all answers to be completed before supplying answers. File the responses as they are completed but no later than the close of business on **February 23, 2006**.
3. These requests shall be deemed continuing so as to require further supplemental responses if the respondent or its witnesses receive or generate additional information within the scope of these requests between the time of the original response and the close of the record in this proceeding.
4. The term “document” is used in its broadest sense and includes, without limitation, writings, drawings, graphs, charts, photographs, phono-records, microfilm, microfiche, computer printouts, correspondence, handwritten notes, records or reports, bills, checks, articles from journals or other sources and other data compilations from which information can be obtained and all copies of such documents that bear notations or other markings that differentiate such copies from the original.
5. If any one of these requests is ambiguous, notify the Hearing Officer so that the request may be clarified prior to the preparation of a written response.
6. Please serve one (1) original copy of the responses on Mary Cottrell, Secretary of the Department, and one (1) copy to each party on the latest service list. Also submit six (6) copies of the responses to Jesse S. Reyes, Hearing Officer. Nonproprietary

responses should also be submitted electronically by e-mail attachment to dte.efiling@state.ma.us and to all persons on the service list.

7. Responses for which the Company seeks protective treatment should be marked confidential, along with an attached motion for protective treatment, and submitted to the Hearing Officer. Redacted copies should be filed with the Secretary.

Information Requests

- DTE-1-1 Please refer to the prefiled testimony of Elizabeth D. Arangio, Exhibit EDA-1. What are the different functions that Merrill Lynch Commodities, Inc. (“MLCI”) and KeySpan Corporate Services, LLC (“KSCS”) will perform under the Agreement?
- DTE-1-2 Please refer to Exhibit EDA-1, at 5-6. Provide documentation to show that the competitive solicitation process which KeySpan used to select MLCI as the winning bidder was fair, open, and transparent.
- DTE-1-3 Please refer to Exhibit EDA-1, at 6, 10, and 24. On page 6, the Company states that “[a]ny revenues derived through the use of the portfolio assets in excess of the guaranteed payment are shared between MLCI, as the asset manager, and KeySpan customers with KeySpan sharing in the customer portion of excess revenues” (emphasis added). On page 10, the Company states that “[a]ny revenues derived through the use of the portfolio assets in excess of the guaranteed payment would be shared with KeySpan customers, except that Keyspan would share in the MLCI portion of the excess revenues (rather than the customer portion as is the case under the current agreement).” What are the revenue sharing ratios between the various parties under the current and the proposed Agreements? How were the revenue sharing ratios determined?
- DTE-1-4 Please refer to Exhibit EDA-1, at 11. Indicate the assets that KeySpan will not release to MLCI under the Agreement. The Company states that “MLCI will work with KeySpan to handle day-to-day operational requirements” of these assets. How much will it cost KeySpan and its customers?
- DTE-1-5 Please refer to Exhibit EDA-1, at 12. Explain in detail how “the Asset Optimization Agreement is designed with the specific intent of meeting the critical portfolio objectives of flexibility, reliability and diversity of supplies.”
- DTE-1-6 Please refer to Exhibit EDA-1, at 13. Explain in detail what the Company means by the statement: “[T]he Asset Optimization Agreement represents the

highest possible value for customers in light of current market conditions and the need to meet critical portfolio objectives (reliability, flexibility and diversity of supply).” Provide evidence to support the Company’s assertion.

- DTE-1-7 Please refer to Exhibit EDA-1, at 14. Discuss whether MLCI has defaulted on its gas supply obligations to customers within the past ten years.
- DTE-1-8 Please refer to Exhibit EDA-1, at 19. How long will it take for the Company to develop the in-house capability to manage its Massachusetts portfolio?
- DTE-1-9 Please refer to Exhibit EDA-1, at 21. How much value did KeySpan customers realize through the comprehensive outsourcing arrangement with MLCI over the past three years?
- DTE-1-10 Please refer to Exhibit EDA-1, at 22. Explain in detail what the Company means by the statement that “KeySpan would reserve the right to participate in the development of procurement and optimization strategies so that in-house capabilities are strengthened over time.”
- DTE-1-11 Please refer to the Agreement for Natural Gas Asset Optimization Services, Exhibit EDA-3, at 19.
- a. Explain the process used to appoint KSCS as KeySpan’s “sole and lawful agent for all purposes under or contemplated by this Agreement, with full power and authority to bind, speak for and act for each such KeySpan Utility in all such purposes.”
 - b. Demonstrate that KSCS provides the best value for KeySpan customers under the terms of the present Agreement.